

REVIEWED BY *KOOL* DATE *9-30-89* OUTGOING AIRGRAMRDS ☐ or XDS ☐ EXT. DATE

TS AUTH.

REASON

Department of State

ENDORSE EXISTING MARKINGS

DECLASSIFIED ☐ RELEASABLE ☐RELEASE DENIED ☐

PA or FOI EXEMPTIONS

RESTRICTED

CLASSIFICATION

418

418

AMEMBASSY,

TOKYO.

A-5 July 3, 1952

Subject: FCN treaty. Informal discussions. Embassy
despatch No. 13, May 6.

Article XXI, paragraph 3. This airgram refers to the question of a revision in the second sentence of the GATT reservation, designed to adjust it to the Japanese situation. (See also Department's A-477, January 16).

The specific Japanese proposal (point 5c on page 2 of reference despatch) has merit, although it is defective in that it is not ~~substantially~~ complete. The Department, however, would suggest a formulation stated in somewhat broader terms, and therefore proposes the following:

"Moreover, either Party may withhold advantages negotiated under the aforesaid Agreement from those countries which by their own choice have not become contracting parties thereto."

Alternatively, the Department would also be agreeable to provision phrased as follows, if the Japanese would prefer it:

"Moreover, either Party may withhold advantages negotiated under the aforesaid Agreement from those countries which, having had an opportunity to become a contracting party to that Agreement, have not become a party thereto."

To the best of Department's knowledge, this completes action on all despatches regarding the treaty thus far received, the last received having been No. 98 of May 21.

DGR

Anal

Rev

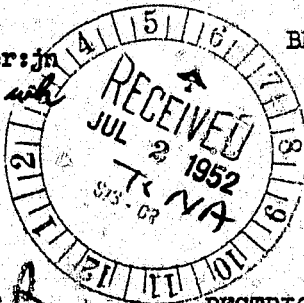
Cat

BRUCE, ACTING

EDT:CP:HWalker:jn
L:L/E:WHollis
6/26/52

DISTRIBUTION
DESIRED
(OFFICES ONLY)

NA



RESTRICTED

CLASSIFICATION

JUL 3 1952 D M

Corrections made on this original MUST be made on all
copies before delivery to Airgram Section, Telegraph Branch.

This Document Must Be Returned to
DC/R 611.944/5-652
Central
Files

CS/MC

611.944/5-652

CONFIDENTIAL SECURITY INFORMATION

File
T-2.4

SEK

Office Memorandum • UNITED STATES GOVERNMENT

TO : FE - Mr. Allison

FROM : NA - Mr. McClurkin

DATE: July 16, 1952

SUBJECT: Proposed Fair Labor Provision for the FCN Treaty with Japan.

Not sent

128 R

For some time the Department of Labor and interested officers of the Department of State have been considering means of removing obstacles to the development of Japan's foreign trade. It was realized that one great difficulty facing development of Japanese exports is the imposition of various restrictive measures by importing countries as a consequence of the wide-spread view that Japanese labor is underpaid and that such restrictions are necessary in order to protect domestic labor against unfair Japanese competition. It was suggested that one step toward ameliorating this difficulty with respect to United States-Japan trade might be to insert a fair labor standards clause in the proposed FCN treaty. Although such a provision would be completely reciprocal, its purpose would be to assure the American business community that Japan intends to maintain fair labor standards and thus to some extent to assuage fears of unfair Japanese competition. NA was willing to concur only if the Embassy at Tokyo thought the Japanese Government would not misunderstand and distrust the proposal.

It was accordingly agreed that Thayer White, on his trip to Tokyo last May, would informally discuss the idea with Frank Waring. At that time Mr. Waring and others of the Embassy economic staff were somewhat doubtful of the advisability of making the proposal to the Japanese because the negotiations were by that time well advanced and because FCN treaties between the United States and other countries do not contain such a clause. They considered that it would be difficult to convince the Japanese that the Department is motivated solely by a desire to contribute to the future development of harmonious United States-Japanese trade relations.

There are attached copies of a letter and telegram subsequently sent to Tokyo which submitted the following specific language for consideration by the Embassy:

"The two Parties, sharing a common interest in the achievement and maintenance of fair labor standards related to productivity and in the improvement of wages and working conditions as productivity may permit, recognize that the existence of labor conditions in export industries below those warranted by the productivity of the particular industry and the economy

at large

CONFIDENTIAL SECURITY INFORMATION

611.944/7-1008

5-101

CONFIDENTIAL SECURITY INFORMATION

- 2 -

at large create difficulties in international trade. Accordingly, each Party undertakes through appropriate and feasible policies to foster labor conditions tending to avoid such difficulties in trade between their respective territories; and the two Parties will on appropriate occasions consult concerning possible measures to this end."

You will note from the letter and telegram that we asked only for a review of the subject based on the availability of a specific formulation of the proposal and on the presence in Tokyo at that time of Vernon Setser, the Department's chief expert on FCN matters. The draft airgram was never sent officially and we did not intend that our unofficial renewal of the subject should be construed by the Embassy as an instruction to initiate discussions with the Japanese on the proposal.

Tokyo's telegram No. 688 of June 26 and Waring's letter of June 25 reveal that the Embassy considers a proposal to have merit. According to these communications, while the Embassy still has some misgivings as to the Japanese reaction, it intends on its own initiative to open a discussion of the provision toward the end of the final review meetings on the FCN treaty even though it has not been instructed to introduce the subject. Waring's letter emphasizes that the Embassy would be placed in a difficult position if it were to be instructed immediately and formally to present the provision to the Japanese. The attached telegram makes clear that the Department approves the Embassy's intention to introduce the new proposal with caution and that the Department is authorizing but not instructing the Embassy to introduce it. The telegram is intended to allay any fear that the Department may instruct the Embassy to take precipitate action not in keeping with the Embassy's judgment as to the proper time for initiating discussions with the Japanese.

RECOMMENDATION:

It is recommended that you sign the attached telegram.

Enclosures:

1. Telegram to Tokyo, for your signature.
2. Tokyo's telegram No. 688, June 26.
3. Deptel No. 484 to Tokyo, June 12.
4. Letter to Mr. Waring, June 6 (with attached draft airgram).
5. Letter from Mr. Waring, June 25.

let
CTM
FE:NA:SGKallis:bjh

611-944
not attached
to our file
Cohy
FE - Mr. Sullivan

CONFIDENTIAL SECURITY INFORMATION